

Testimony of Timothy D. Searchinger
Environmental Defense
Washington, DC

On Supporting Species Conservation Through the Farm Bill

before the

Subcommittee on Forestry, Conservation and Rural Revitalization

of the

U.S. Senate Committee on Agriculture, Nutrition and Forestry

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Environmental Defense greatly appreciates the opportunity to present testimony to you regarding the use of agricultural conservation programs to assist farmers, ranchers and private forest owners to enhance wildlife habitat, particularly for at-risk species. I am Co-Director of the Center for Conservation Incentives at Environmental Defense. The goal of our center is to increase and improve incentives for stewardship of private land to address important conservation challenges, including those of threatened and endangered species. Through the work of our staff and through assistance to local organizations, we work directly with landowners on a variety of projects around the country to improve habitat for these species. We have also taken a close look at the detailed standards and procedures by which the federal conservation programs have operated, and we have a number of recommendations about how those programs could become more successful.

Our assessment is that agricultural conservation programs have contributed meaningfully to the restoration of habitat for rare and endangered species. Our assessment is also that the programs could do significantly more with appropriate adjustments to their operations. Priorities include the following:

- More vigorous efforts to enroll lands in the CRP that combine the right location, the right planting and the right management to benefit at-risk species. To take advantage of this opportunity, it is important that USDA only automatically reenroll the most valuable CRP acreage, while enhancing selection criteria for renewed enrollments.
- Rework EQIP selection criteria to separately rank different kinds of resources of concern, to rank wildlife proposals at the state-level where

there is appropriate biological expertise, to provide a higher cost-share payment for at-risk species proposals that do not provide economic returns to producers, and to encourage cooperative projects. More generally, USDA needs to embrace more vigorously EQIP's wildlife and forestry goals.

- Boost WHIP funding levels and give WHIP the authority to provide incentive payments, and make at-risk species a statutory priority.
- Reauthorize the Grassland Reserve Program, emphasizing easements on large, valuable chunks of rangeland to protect them from conversion to cropping.
- Increase conservation incentives funding available for family forest owners on whose land many rare and declining species depend. Protecting many species, particularly east of the Mississippi, require a dramatic increase in the resources available for forest landowners.

THE OPPORTUNITY

Federal agricultural conservation programs could play a dramatic role in aiding the survival and recovery of at-risk species. Agricultural land occupies roughly half of the continental United States, and agricultural landowners also own many of the forests and unused grasslands that occupy an additional 20% of the landscape. Given this scope, it is inevitable that agriculture will have impacts on wildlife habitat. But this scope also creates enormous potential to provide benefits to wildlife through the management of these lands, including rare species.

The opportunities range across the country. Most of this country's agricultural lands are in some form of grass production, particularly rangeland. The vast majority of these grasslands were grazed in some form well before Europeans brought cattle and sheep to this continent, which means that the great bulk of grassland wildlife is compatible with continued economic uses of these grasslands. While there are occasionally conflicts between the goals of maximizing forage and maximizing habitat, many ranchers are proving that profitable ranching and habitat management often can go hand in hand.

Intensively cropped lands tend to provide little wildlife habitat themselves, but even on farms with intensive cropland, there remain millions of acres of woodlots, pastures and wetlands that can provide habitat. Most of these lands could be enhanced to aid rare species.

In addition, no category of wildlife is more imperiled in the United States than those that live in freshwater. These species range from the much-admired salmon of the northwest and northeast, to dozens of less well-known freshwater mussels species in the Tennessee River basin, to a variety of birds that rely on aquatic habitat. Forest and agricultural landowners can enhance the habitat of these species through efforts ranging

from direct improvement of stream habitat, buffer zones, conserving more water for streams in some places, and even replacing stream culverts in farm and forest roads that now block fish movements.

Since the rise of the conservation movement in the United States in the late 19th century, incentives for private land stewardship stand out as the most underutilized tool in the country's conservation toolbox. Conservation efforts have focused primarily on public land acquisition and management, and private land regulation. The role of those tools remains critical. But as our technology and numbers have grown, people have asserted such control over the land that it is no longer possible to support the diverse wildlife that is America's national heritage simply through benign neglect. We have curtailed forces that shape habitat in ways critical to many species, from fire to floods, and invasive species threaten to wipe out many species unless subject to human control. According to Natural Heritage Program data, 80% of the populations of rare species are found on private land. Active, beneficial management of that land is now critical to their survival, and it will not occur without adequate incentives.

SUCCESSFUL CONSERVATION PROJECTS

Agricultural conservation programs have started to contribute meaningfully to the enhancement of habitat for rare species. Many observers are undoubtedly surprised to discover how willing landowners are to make their lands available for these efforts. But rarely do these activities provide any financial return to landowners, and that is why financial incentives are critical. We provide five very different examples that show what farm programs can accomplish.

Bog Turtles in the Northeast

Bog turtles are four inch long, mud-loving turtles found in small sunny wetlands scattered on farmland or former farmland from Georgia to Massachusetts. They are threatened in part because many of those areas are no longer in farming. The grazing that used to maintain diverse wetlands dominated by grasses, sedges and wildflowers no longer occurs. Without grazing or some alternative management, invasive plants and trees invade the wetlands, and shade out any ground where turtles could nest. To maintain these habitats, landowners need to have incentives to remove these plants, and then periodically let loose some grazing animals to keep the invading plants out. Goats turn out to be particularly effective.

Beginning about 5 years ago under the leadership of NRCS state biologist Tim Dunne, New Jersey made bog turtles as a statewide priority for the Wildlife Habitat Incentive Program (WHIP). Since then, NRCS in New Jersey has restored over 35 wetlands including many of the most important wetlands for the turtle's recovery in the state. Mike Townsend, state biologist for New York has initiated a similar effort using the Wetland Reserve Program to restore and protect bog turtle wetlands in the Hudson

River Valley, and has so far restored 6 separate wetland areas. In eastern Pennsylvania, Barry Isaacs of NRCS is using both EQIP and WHIP funding, working in cooperation with land trusts and watershed conservancies to restore wetlands on working farms. And in North Carolina, under the leadership of state biologist Matt Flint and national wetland biologist Hank Henry, they have created a detailed habitat management handbook which provides enough information to guide any technical service provider interested in restoring habitat and hydrology.

Experience has shown that farmers are receptive to these programs. Greg Wilson, a corn farmer and nursery operator in Maryland has worked with both NRCS and the Partners for Fish and Wildlife Program of the U.S. Fish & Wildlife Service, to restore 5 acres of degraded wetland. He has learned to be even better than agency biologists at spotting turtles on his land and is now himself helping with efforts to radio-track the turtles to learn more about their movements.

Arctic Grayling in Montana

The Big Hole River watershed in southwest Montana is the site of an innovative effort to keep a rare fish from becoming listed as endangered. The Big Hole River supports the last viable riverine population of Arctic grayling in the lower 48 states and what happens on private land will determine whether the species gets listed or not. In 2004, NRCS provided \$800,000 in incentives funding through EQIP to pay ranchers to leave more water in rivers and streams in June and July and to build off-stream water storage tanks. In 2005, NRCS is providing another \$500,000 from EQIP to install diversion dams that allow fish passage, to fence riparian areas, and to continue to improve water supplies for fish. In 2004, 15,000 acres of land were not irrigated as a result of the program, which significantly increased water flows in the Big Hole River.

Golden-cheeked Warbler and Black-Capped Vireo in Texas

USDA funds are now contributing to the Leon River Restoration Project in Texas, which combines removal of Ashe juniper to improve water production, with preservation and treatment of shrub communities that support the federally protected black-capped vireo and golden-cheeked warbler. Treatment in this case means removal of overly dense trees and shrubs, planting of appropriate vegetation, occasional use of fire, and control of cow birds. Many of these ranches have existing warbler habitat, and the project has the potential to create a continuous line of participating ranches that will all provide such habitat. The Central Texas Cattlemen's Association has led the project's efforts under the leadership of Steve Manning, who is testifying today, and we greatly applaud his efforts and those of his group.

Prairie Dogs in Utah:

The Utah prairie dog has been listed by the Endangered Species Act since 1973. Almost three-fourths of the remaining Utah prairie dogs live on private property, and without efforts to protect and enhance these populations, it will be difficult if not impossible to recover the species. Unfortunately, real and perceived impacts of prairie dogs on agricultural operations have led many landowners to consider prairie dogs to be pests, and with help from government agencies, they have dramatically reduced prairie dog populations on much of the western range. Land development, deteriorating rangeland health, the encroachment of woody vegetation, plague and drought are currently significant threats to the Utah prairie dogs. Fortunately, often what is good for prairie dogs is also good for ranchers. Utah prairie dogs will benefit from management actions that reduce shrubs, increase grasses, and manage grazing patterns over time in ways that sustain healthy rangeland.

This year, NRCS in the State of Utah set aside one million dollars of EQIP funding at the state level to support projects that enhance and protect habitat for at-risk species. One of the projects receiving funding will benefit Utah prairie dogs by reducing shrubs, increasing grasses and instituting a prescribed grazing plan on a pasture suitable as habitat for the species. The landowner will sign a Safe Harbor Agreement with the Fish and Wildlife Service to cover this work to provide assurances that he won't face additional land use restrictions associated with the use of his land by a listed species. Other landowners in southern Utah have received Department of Interior funding and Safe Harbor agreements to support habitat improvements on grazing land, but we expect landowner interest in this type of project to increase dramatically, with the availability of EQIP funding for priority projects.

Southern Longleaf Pine Forests:

Longleaf pine forests once covered 60-90 million acres of the Southern coastal plain from Southeastern Virginia through Florida and west to East Texas. Today longleaf covers only 3 million acres. Over the last seven years, the Conservation Reserve Program has helped bolster a resurgence of longleaf pine by restoring over 200,000 acres of forest. WHIP is also playing an important role in restoration efforts in some states. In North Carolina, for example, WHIP funding is being used in conjunction with Safe Harbor agreements to restore habitat for the endangered red-cockaded woodpecker in the Sandhills region through construction of artificial nest cavities, use of prescribed fire, and other management activities.

RECOMMENDED PROGRAM IMPROVEMENTS

While farm programs have done much to improve endangered habitat for at-risk species, there are many opportunities to improve their performance.

Conservation Reserve Program-CRP

The CRP is, of course, USDA's largest agricultural conservation program, with a budget of roughly \$2 billion per year, and a reach of roughly a tenth of the country's cropland. Along with its well-known benefits to ducks and pheasants, biologists attribute significant benefits from the program to a range of grassland bird species. Grassland bird species are the most rapidly declining group of bird species in the United States, and without CRP, species such as Henslow's sparrow and the eastern meadowlark would be far rarer today.

Despite its achievements, CRP could do significantly more to benefit at-risk species and the environment generally. Environmental Defense has developed a joint position on key reforms to CRP with the American Farm Bureau and the Nature Conservancy. We have three basic concerns.

First, the selection criteria for most CRP lands have emphasized balancing the different goals of CRP on each parcel of land: soil erosion, wildlife, water quality and more recently air quality. The result too often is enrollments that modestly accomplish each goal but are not necessary to accomplish any. While the program as a whole should attempt to achieve all of the statutory goals, it can accomplish more for each by enrolling lands critical to each purpose even if those enrollments are less significant for other purposes. In the case of at-risk species, for example, it makes sense to enroll lands that can contribute critical wildlife habitat regardless of whether they are erodible or contribute to water quality goals – and it similarly makes sense to enroll the most critical lands for water quality and soil erosion purposes even if their wildlife benefits are modest.

Second, CRP selection criteria have for the most part ignored the role of location, focusing instead of inherent erodibility or the cover to be planted on the land. But no factor is more important than location in determining the benefit of potential CRP lands, not just to wildlife, but also to water and air quality. Location includes both the part of the country and the parcel's position in relation to other kinds of land. Land is not going to provide habitat to endangered species unless those species are likely to use it, which depends on whether there are populations of the species nearby and whether other kinds of habitat are available. CRP can contribute more in the future by factoring location into the calculation of which lands to enroll.

Third, the CRP program has provided insufficient incentives for land management. There is no good assessment of CRP land as a whole, but from discussions with state wildlife officials in states with large CRP enrollments, Environmental Defense has developed the impression that a majority of all CRP lands have serious problems today. Many are overrun by invasive grasses. Some have become overly dense and rank.

We recommend many specific program improvements to address these limitations, but emphasize three specific efforts to benefit at-risk species.

One, USDA should not grant automatic re-enrollments for all existing CRP lands, or for all lands if they agree to upgrade their plant covers. Instead, only the most valuable lands should be automatically enrolled, if any are at all. Environmental Defense also recommends a series of staggered extensions from one to five years to even out the large re-enrollments now expected in 2007 and 2008.

Two, USDA should create targeted opportunities for continuously enrolling lands in locations and under conditions that would benefit at-risk species. USDA's special enrollment for bobwhite quail provides a good example. We believe USDA could create a series of continuous enrollments of 100,000 to 300,000 acres to benefit specific species. For example, several landowners in Southeastern Texas are willing to enroll land in thorn scrub in areas that could provide critical habitat for the endangered ocelot—a beautiful native cat. Even 5,000 to 10,000 of CRP lands in this area could provide significant habitat benefits. CRP lands could be enrolled around valuable sagebrush habitats used by sage grouse, which is at risk of enrollment. Enrollments restoring shortgrass prairie grass in parts of eastern Colorado could provide great benefits for the mountain plover. And enrollments of longleaf pine species in parts of the Southeast could benefit a number of rare species such as the gopher tortoise. Even 2 to 3 million acres of CRP enrolled in this manner could have enormous benefits. FSA should invite states or groups of states to submit proposals for such enrollments, mapping the areas appropriate for enrollment, and describing the kinds of plantings and management needed to produce valuable habitat.

Three, USDA should prohibit inappropriate plantings. Some CRP enrollments actually harm rare species. These include plantings of trees in prairie areas, which breaks up the prairie landscape and causes what is known as fragmentation of the habitat. Many grassland birds such as the greater prairie chicken, Henslow's sparrow, bobolinks, and meadowlarks are sensitive to the size of the grassland and will not choose nest sites in small fragmented grasslands. In such habitats, they have learned, small mammals and bird predators can easily search out and destroy nests. Some birds will avoid prairie habitats that have even a few trees in them. Unfortunately, USDA has no policy in place to avoid inappropriate vegetation. Indeed, USDA has a general policy to favor trees – which is reasonable in most places – but which applies everywhere. In some places, grassland biologists have spent government funds to remove woody hedgerows and trees that have encroached on the prairie, only to find that a next-door landowner has planted trees as part of a CRP contract.

We recommend that USDA also stop enrolling loblolly pine tree plantations, which cover more than one million acres of CRP lands in the Southeast. These dense pine plantations allow little light to penetrate to the forest floor and provide minimal wildlife habitat. While these kinds of enrollments once made sense to landowners economically, CRP has helped lead to a saturated pulpwood market that has driven down prices and hurt private forest owners. Economic studies have shown that planting longleaf pine trees and more diverse

hardwoods provide reasonable alternatives. Longleaf pine trees do not grow densely together, allowing light to penetrate and promote grasses that are valuable to game and rare wildlife alike. With controlled burns, those areas can provide habitat for a number of at-risk species.

Environmental Quality Incentives Program-EQIP

In the last Farm Bill, Congress made wildlife one of the goals of the EQIP program, and USDA responded at the national level by making at-risk species a national conservation priority. The statute gives EQIP the authority to fund almost any kind of private land management practice that could enhance habitat on a farm, ranch or private non-industrial forest. But only six tenths of one percent of EQIP dollars have flowed to specific wildlife practices, and only a portion of that has been for at-risk species. There are a number of reasons for this limitation, but Environmental Defense believes a number of common sense improvements could make EQIP a far more successful tool.

Revise EQIP Ranking Criteria. EQIP ranking criteria have discouraged good wildlife proposals through mechanical problems. Each state, and often, each county work group, has developed its own ranking criteria. Although these ranking criteria are quite different, most group all possible resource concerns into one index. Thus, proposals to build manure management facilities, to control soil erosion, to remove weeds, and to enhance wildlife are all ranked on one sheet. Since manure management is a greater emphasis than wildlife virtually everywhere, manure management proposals outscore wildlife. However, wildlife and other concerns remain on the same sheet. A producer seeking a manure management facility to beat out another may propose a minor wildlife practice, such as a food plot or a small wetland, to add a few points to her index. The result is that some dollars are devoted to wildlife, but for insignificant proposals that are not the best use of program dollars.

In addition, states and local work groups naturally seek to limit the length of ranking sheets. Once they list all the different kinds of resource issues on one sheet, the sheet has become pretty long, so the criteria for any one resource concern tend to be oversimplified. Thus, on some sheets, any and all wildlife proposals may receive the same number of points. These ranking sheets fail to reward better proposals to address at-risk species despite the national wildlife priority, expressed both in regulations and in the statutory instruction to prioritize contracts that address potential or existing regulatory concerns.

A preferable alternative is for each state or county work group to decide up-front how much money each resource concern should receive. Within this pot, a ranking sheet just for different kinds of proposals can identify the best proposals. Obviously, more funds will continue to flow to top priorities like manure management. But with such a system, those funds that are devoted to wildlife can then be ranked reasonably. Last year, a number of major producer organizations signed a joint letter to USDA

recommending this alternative approach to ranking criteria because it would make EQIP more effective in addressing all concerns. A copy of this letter is attached.

We are happy to report that NRCS is working to correct these problems by providing a model ranking system template to states. States will be able to change those templates as appropriate, and to continue to select their own conservation priorities. But the template should help states craft ranking criteria that better meet their own goals.

Rank wildlife proposals at the state level. Since the last Farm Bill, most states have allocated funds to the county level and thereby delegated most or all decision-making to that level. However this system works generally, it has not worked well for wildlife proposals because few district offices have biological expertise. This presents a particular challenge since professional expertise is critical to distinguishing any technical proposal from another, wildlife included. There is no way to determine which proposals are more likely to benefit sage grouse or Utah prairie dogs without a biologist who understands grassland ecosystems.

For this reason, we recommend that states rank wildlife proposals at the state level, where state and federal wildlife agencies typically contribute personnel who can assist in such efforts. To do so, states need to assign a certain level of funding up-front to wildlife. They should then prioritize funds to benefit at-risk species.

Provide incentive payments or higher cost-share payments: The EQIP statute provides that land management practices can receive up to 100% of the cost-share. NRCS may also provide incentive payments. But as an administrative practice, the national office of NRCS has strongly encouraged states to hold down cost-share rates. For example, state offices that hold down cost-share rates are more likely to receive bonus funding awards. As a whole, Environmental Defense agrees with this effort, which reflects basic economic theory. Since producers are willing to engage in many conservation measures at 50% cost-share, it makes sense to spread EQIP funds around.

But producers are typically only willing to accept such low cost-share payments for those conservation practices that also contribute to their bottom lines. Well-run manure management facilities or improved irrigation equipment provide real economic returns. Other measures provide little or no economic benefit, and fewer producers are willing or able to subsidize them on their own. When landowners are willing to enhance their habitat for endangered species, they are already dedicating their land to this valuable use. It seems a bit much to ask many of them to subsidize the cost. Higher cost-share rates, including 100% cost-share and even modest incentive payments, are often appropriate in these circumstances. And limited cost-share rates explain why some states that have set money aside for wildlife have not fully utilized those funds.

Let me give you one example. There is a coordinated effort by producers, conservationists and state government in down east Maine to improve stream habitat to

save the Atlantic salmon. A basic and extremely helpful measure involves improving farm road-crossings which presently have so-called hanging culverts—culverts that are raised above the stream below them so that salmon cannot pass. Landowners have no economic reason to replace these culverts on their own, and requiring them to pay half of the costs is not going to get the job done.

Coordinated projects and proper technical assistance: Solving endangered species problems, like solving many other problems, often requires coordinated efforts among multiple landowners. That in turn requires that NRCS be proactive and not merely wait to see which producers walk through the door. Wildlife goals also require a little more outreach because agricultural producers tend to know less about wildlife management practices than production practices. District conservationists who deliver these programs tend to have less knowledge of these wildlife issues than they do of such traditional focuses of NRCS as soil erosion. Thus, the standard approach to EQIP of responding to landowner interest does not encourage wildlife enhancement.

And even when landowners are interested, there is a great shortage of technical assistance to deliver these wildlife measures. That shortage is also related to the passive approach to applying EQIP. All around the country, Environmental Defense staff continuously hear complaints from producers and conservationists alike that NRCS staff have become consumed with the sheer paperwork of delivering financial assistance programs. They are not to blame. Their financial assistance programs have increased seven-fold, while staffing levels have grown only modestly. Following Congressional encouragement, USDA has intended to rely on independent Technical Service Providers, but this approach so far has been less successful than it could be because of a classic chicken and egg problem. Those private and nonprofit organizations that might provide technical assistance are unable to staff-up to do so unless they know those staff can obtain a certain level of work. A producer group, soil and water conservation district or conservation group interested in providing technical assistance to benefit an at-risk species would need to have a guaranteed level of work to engage appropriate staff. And in reality, producers thinking about a practice need to be able to receive a level of technical assistance before they sign-up for a practice, not merely after. Only in rare circumstances is the support infrastructure available for wildlife practices unless NRCS works ahead of time to support it.

As a practical matter, the best way to encourage valued wildlife practices – and almost any conservation practice that is not already well-known – is for NRCS to announce an intent to fund a certain level of such practices and to contract with an appropriate organization to work with landowners and provide the technical assistance. That allows supporting organizations to identify and coordinate landowners interested in participating. For this reason, the best way to deliver EQIP for wildlife is for NRCS to develop special projects that target some level of EQIP funds at particular species for particular kinds of habitat improvement. Texas and Utah are among the states that have

done so. More of these kinds of efforts will be critical if EQIP is to do its proper share in enhancing rare wildlife habitat.

Overall emphasis: At root, EQIP has not achieved wildlife goals because NRCS has been reluctant to embrace wildlife as a true goal of the EQIP program. Some officials seem to believe that wildlife proposals are for hobby farmers and ranchers. And it is true that low cost-share rates for wildlife practices limit the kinds of factors who can participate. But our experience has shown that with proper incentives, many full-time producers are happy to participate in these efforts, and in doing so, they provide benefits to the public and to the rest of the agricultural community by avoiding endangered species conflicts down the road. Senators and Congressman can help simply by encouraging NRCS to take this part of its mission as seriously as any other by establishing program goals.

Wildlife Habitat Incentive Program-WHIP

Dollar for dollar, the Wildlife Habitat Incentives Program (WHIP) has done more to enhance habitat for at-risk species than any other program. Its most significant limitation is that it is underfunded. In fiscal year 2004 only \$27.83 million were available to allocate among the 50 states, the Pacific Basin, and Puerto Rico. In fiscal year 2005, \$33.05 million were allocated. Low funding limits the program's ability to provide strong conservation incentives and limits the technical support staff available to landowners.

A significant portion of WHIP funds has flowed to projects to help endangered and threatened species. In fiscal year 2004, the national NRCS dedicated \$3.5 million of WHIP contract funds to salmon conservation. In fiscal year 2005, NRCS has devoted \$1 million to the greater sage grouse, with money targeted for contracts in 11 states in the Northwest. A further \$1 million will go towards long-term land-preservation contracts for interested farmers in the Big Woods of northeast Arkansas to create ivory-billed woodpecker habitat, and another \$2.5 million to salmon restoration. State committees have also assigned funds to threatened and endangered species, including \$2.8 million in 2004. To the extent we can discern, NRCS devotes an even higher percentage of WHIP funds to state-listed species.

Ken Powell, a Wisconsin dairy farmer, exemplifies the many producers who have shown a strong interest in the WHIP program. Mr. Powell owns a fine 12-acre prairie remnant near Barneveld, Wisconsin. It has about 100 native prairie and savanna species, including the federally threatened prairie bush clover and four other rare species. A member of a group called the Prairie Enthusiasts brought Ken's attention to the significance of his prairie, and offered guidance in managing it. Invasive trees and shrubs had moved into the prairie. Biologists knew there were regal fritillary butterflies half a mile away on Nature Conservancy property, but that the invading brush on Ken's prairie had kept them away. Regal fritillaries are a species of special federal concern and need wide open spaces full of flowers. They were once common in Wisconsin, but their range

has dramatically shrunk as habitat disappeared. Wisconsin only has them in a handful of places now. Funding from WHIP went toward hiring a local contractor to remove the brush, and to mow down invasive weeds (knapweed, sweet clover, and poison parsnip). The regal fritillaries arrived on Ken's prairie almost immediately. Mr. Powell is now in the process of putting a conservation easement on his whole farm because he wants it to stay open when he's gone.

The WHIP program needs a few things to make it even more effective. Most of all, it needs more funding. Second, Congress should give NRCS the authority to provide 100% cost-share and even incentive payments for projects that provide exceptional habitat for at-risk species. Finally, Congress should explicitly establish at-risk species as the program's priority.

Grassland Reserve Program-GRP

The Grassland Reserve Program is a program that has enormous potential to benefit threatened and endangered species because well-managed grasslands inherently provide valuable habitat. The nation's grasslands are now somewhat under siege. Commodity programs have tilted the playing field and, along with more drought-tolerant corn and soybean varieties, they encourage landowners to plow up native prairies. Meanwhile, exploding urban areas radiate outward and transform once vast ranches into ranchettes.

The Grassland Reserve Program as championed by Senator Crapo and as passed by the Senate during the last Farm Bill could have contributed in huge ways to preserving those valuable ranches that provide exceptional habitat for at-risk species. As ultimately enacted and carried out, however, the program has two major limitations.

First, while the Senate enacted a program to purchase two million acres of easements, the ultimate program that emerged from conference limited easements to a small percentage. Most of the program is therefore devoted to ten-year contracts, which are not an effective mechanism for protecting grasslands from conversion. They simply mean that conversion activities are directed elsewhere for ten years, but the pressures return fully after this period. Contracts, if properly shaped, could encourage useful management activities, but they have no real preservation value. In the next Farm Bill, we believe Congress should return to placing the primary emphasis on permanent easements.

Second, too much of the focus of the program has been on protecting grasslands from urban conversion. We believe that should be the focus of the Farm and Ranchland Protection Program. Rangeland also faces heavy pressures for conversion to cropland. The best use of federal dollars is to focus the program on preserving large contiguous stretches of rangeland that can serve as working ranches and valuable wildlife habitat. In

some places, the program could contribute significantly to restoring remnants of prairie that now exist in only modest form.

Conservation Security Program-CSP

In the long run, Environmental Defense believes that the Conservation Security Program can play a significant role in rewarding producers for providing valuable habitat for at-risk species. The philosophy of CSP is to reward the best and encourage the rest. To do so, it is important that CSP develop robust standards for measuring a farm's contribution to wildlife. Environmental Defense has concerns about how wildlife has been factored into CSP so far, and we will provide the Committee with a copy of a report we prepared about CSP and wildlife in the first CSP sign-up.

Healthy Forest Reserve Program

A highly promising program for endangered wildlife is the Healthy Forest Reserve Program, targeted specifically at endangered wildlife. Unfortunately, this program has not received funding since its authorization. We strongly recommend funding for this program, and the Committee should seriously consider providing it with some level of funds from the Commodity Credit Corporation in the next farm bill. As noted previously, family forest owners receive very little funding through Farm Bill conservation programs though their lands provide a host of critical ecosystem services such as habitat, clean water, and clean air. Increasing funding for HFRP is a good first step to rectifying this problem though Congress should look to better integrating forests into other Farm Bill programs as well.

CONCLUSION

We believe that a large number of the country's landowners would be interested in managing a portion of their lands to provide habitat for rare species if given the right assistance. Many landowners have taken advantage of Safe Harbor agreements to enhance habitat while receiving assurances that doing so will not lead to greater regulation. Helping agricultural producers and forest landowners to provide this habitat should be an important goal of USDA conservation programs. With modest changes, USDA conservation programs could do much to realize that goal.

Agricultural Waste Solutions * Agri-Mark Inc. * California Association of Wine Grape Growers * Dairy Business Association of Wisconsin * Iowa Cattlemen's Association * Iowa Soybean Association * National Chicken Council * National Turkey Federation * Northeast Organic Farming Association of New Jersey * Organic Valley * Virginia Poultry Federation * Virginia State Dairymen's Association

Mr. Bruce Knight, Chief
Natural Resources and Environment, U.S. Department of Agriculture
5105 South Building, 14th and Independence Streets, SW
Washington, D.C. 20250

May 14, 2004

Dear Chief Knight:

The Environmental Quality Incentives Program (EQIP) is now the nation's second largest conservation program, and its emphasis on working lands conservation sets it apart from most other programs. This program has been and will continue to be fundamental to helping the nation's producers meet conservation challenges and deliver vital public benefits of clean water, healthy soil, clean air, and wildlife habitat. Despite the significant increase in funding for EQIP under the 2002 Farm Bill, however, demand will continue to far outstrip available resources for the foreseeable future.

Given the pressing need for these funds and their limited supply, it is vital that EQIP resources be used as efficiently and effectively as possible. We believe that the following principles are critical not only to getting the most out of limited EQIP resources, but also to leveraging and fostering the innovation and ongoing creativity that characterizes US agriculture today:

- EQIP should reward **higher levels of improvement toward defined environmental outcomes**, both in terms of the extent of improvement (i.e. percentage improvement in irrigation efficiency or percentage increase in nutrient use efficiency) and the degree of implementation (i.e. more acres, more stream feet, greater volume of animal manure properly managed). By focusing on extent and degree of improvement, EQIP would provide farmers, ranchers, and their partners the flexibility they need to find the solutions that will work on their individual farm or in their particular watershed.
- EQIP should encourage the adoption and implementation of **innovative approaches and promising new technologies tied to achieving desired environmental goals**. Openness to innovation will not only provide producers and their partners the necessary flexibility to

leverage their creativity and hands-on knowledge of agricultural conservation challenges and solutions, but also help foster creative solutions on one farm that can bring conservation benefits to other farms as well.

- EQIP should encourage and fund **demonstration projects** developed specifically to illustrate defined environmental outcomes and benefits of promising new approaches and technologies. The benefits demonstrated by these approaches and technologies can then be adapted and adopted on other farms, thereby multiplying the benefits of the initial demonstration project across many farms.
- EQIP should encourage and reward **cooperative projects** that bring multiple producers and partners together to realize a defined environmental goal, thereby creating conservation projects whose total benefits are greater than the sum of the parts.
- EQIP should be **truly size neutral**. In order to be fair to all farm and ranch sizes, EQIP ranking systems must incorporate **effective measures of scale and cost effectiveness**. By ignoring one or both of these factors, EQIP ranking systems will produce unintended consequences and favor either larger projects or smaller projects. Measures of scale must correctly capture the anticipated benefits of a project in order to avoid biasing against larger projects. Dividing the total project benefit points by the total cost of the project (not just the government cost) will not only provide an important measure of cost effectiveness, but also ensure that the process does not bias against smaller projects and producers. The end result will be a system in which the most cost effective projects rises to the top.
- EQIP ranking systems should **separate out resource concerns** into separate ranking sheets and funding pools to **avoid complicated comparisons of apples and oranges**. Comparing all kinds of projects -- water quality, wildlife, forestry, soil health, and more - - in a single ranking sheet is not only very difficult, but also tends to favor one kind of project or type of farm or ranch over another. By separating out resource concerns, ranking systems can more effectively target priorities and be equitable to all kinds of projects and agriculture.
- EQIP ranking systems should **ensure that practices that provide multiple benefits are rewarded properly**. It is important that multiple benefit bonus points be awarded for individual practices that deliver these additional benefits, and not just for tacking on additional practices that may not be appropriate to the situation. By rewarding the multiple benefits of individual practices, ranking systems can also avoid the unintended result of just rewarding *more* that may not necessarily be *better*.

Incorporating these important mechanics into EQIP ranking systems is critical to the success of the program, both for participating producers and natural resources. These mechanics can enable EQIP to get the most out of its limited resources and to be equitable to all kinds of agriculture and all sizes of farms and ranches. We urge you to ensure that States use these

concepts to help EQIP fulfill its potential and give the nation's producers the assistance they need to provide the public clean water, healthy soils, wildlife habitat, and clean air.

Sincerely,

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CONSERVATION RESERVE PROGRAM RECOMMENDATIONS

1. Guiding selection philosophy: Lands enrolled in the CRP should be those with the greatest need to address particular issues related to water quality, soil erosion, air quality and wildlife where results cannot be comparably achieved through conservation practices if the lands remained in production. That could mean more emphasis on identifying one of the separate goals of CRP as the priority purpose for enrolling particular acres. In an ideal program, landowners and the public should be able to point to a piece of land and know the core reason for its enrollment.
2. Extensions and automatic re-enrollments: There is a role for contract extensions or possibly automatic re-enrollments to smooth out the “pile-up” of CRP expiring acres in 2007 and 2008. Any extension or reenrollment policy should reinforce the goal of getting the most benefit out of each CRP acre and must maintain fairness between existing contract holders and farmers who may wish to enroll lands in CRP in the future. All existing CRP holders should have the right to compete in any future selection process. Allowing all existing contracts to automatically re-enroll in long-term contracts could be unfair to landowners who may wish to enroll new lands in the program.

One policy option may be to give most contracts a range of extensions from one to five years to even out the re-enrollment process. Under this policy option, longer extensions could be awarded to those contracts that have incorporated good management and achieved the highest EBI. Another policy option may be to allow automatic re-enrollments for the most valuable lands that would rise to the top in any new competitive process, and to provide short extensions for some other contracts to spread-out the competitive re-enrollment process over several years.

3. At-risk species: One important goal of CRP should be to provide an incentive-based approach to ameliorating conflicts and potential conflicts between agricultural producers and wildlife of special concern, particularly those that could lead to regulatory pressures. Doing so requires rewarding enrollments and associated management that contribute to these goals in selection criteria, and possibly in criteria for automatic reenrollments or contract extensions. To achieve these benefits, this focus has to be targeted to lands that can contribute in critical

ways to the survival and recovery of these species. A regional process for identifying the criteria for such enrollments may be appropriate. Landowners also need to have assurances where necessary that temporary CRP enrollments will not lead to enhanced risk of regulation.

4. Revisions to EBI. The EBI should be revised to better target the country's water quality, soil erosion, air quality and wildlife goals. That may mean placing greater emphasis on enrollments that achieve the highest levels of benefits for each resource concern and less emphasis that all acres contribute at least modestly to each goal. It may also mean incorporating better ways to recognize priority enrollments identified at the state or regional level
5. Continuous enrollment. Continuous enrollment has been of exceptional value because it helps working lands address resource concerns. Continuous enrollment needs to be reinvigorated, promoted and potentially expanded. FSA should move quickly to use third party technical assistance contracts to encourage and provide assistance for continuous enrollments. Among other valuable practices that probably should be incorporated into continuous enrollment is the installation of managed wetlands designed to filter agricultural drainage water.
6. Management. When cropland is taken out of production for environmental purposes, proper respect for its value means that it should be managed to achieve these purposes. FSA should do more to encourage and reward good management of CRP lands. One way may be to incorporate management criteria into the EBI. Another way is to financially compensate the actual costs of good management once it is undertaken, to the maximum extent authorized by statute.
7. Technical Assistance: It is important for FSA to develop third party technical assistance (TA) for CRP. Program decisions should be designed in part to spread out TA workload to make it easier for services to be provided by third party providers. FSA should develop a detailed plan for the use of CCC funds for TA to assure that the funds will result in the resources needed to adequately implement the program.